

June 6, 2006

MEMORANDUM TO: Joseph G. Giitter, Chief
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards

THRU: Brian W. Smith, Chief */RAI/*
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

FROM: Timothy C. Johnson */RAI/*
Senior Project Manager
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

SUBJECT: MAY 23, 2006, MEETING SUMMARY: LOUISIANA ENERGY
SERVICES MANAGEMENT MEETING

On May 23, 2006, U.S. Nuclear Regulatory Commission (NRC) staff met with management staff from Louisiana Energy Services (LES) to discuss management issues applicable to the LES gas centrifuge uranium enrichment plant project proposed to be located in Lea County, New Mexico. I am attaching the meeting summary for your use. This summary contains no proprietary or classified information.

Docket: 70-3103

Enclosure: Louisiana Energy Services
Meeting Summary

cc:	William Szymanski/DOE	Fred Seifts/Jal	Karl Gross/LES
	Monty Newman/Hobbs	James Curtiss/W&S	Troy Harris/Lovington
	Peter Miner/USEC	Betty Richman/Tatum	James Ferland/LES
	Glen Hackler/Andrews	William Floyd/New Mexico	Matt White/Eunice
	Lue Ethridge/Lea County	Richard Ratliff/Texas	Lee Cheney/CNIC
	Michael Marriotte/NIRS	Jerry Clift/Hartsville	CO'Claire/Ohio
	Derrith Watchman-Moore/NM	Joseph Malherek/PC	Ron Curry/NMED
	Tannis Fox/NMED	Patricia Madrid/NMAG	Glen Smith/NMAG
	Lindsay Lovejoy/NIRS	Roger Mulder/Texas	John Swailes/LES

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FBurrows/TSG	BMoran/NSIR	Hearing file	
LES Website-YES			

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OFC	GCFLS		GCFLS		OGC		GCFLS	
NAME	TCJohnson:		LWilliamson		MBupp		BSmith	
DATE	5/ 26 /06		5/ 30 /06		6/ 6 /06		6/ 6 /06	

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Summary of
Louisiana Energy Services Management Meeting

Date: May 23, 2005

Place: U.S. Nuclear Regulatory Commission (NRC) offices
Rockville, MD

Attendees: See Attachment 1

Purpose:

The purpose of this meeting was to discuss project management issues applicable to the proposed Louisiana Energy Services (LES) gas centrifuge uranium enrichment plant project. The meeting agenda is in Attachment 2.

Discussion:

After introductions, Mr. Robert Pierson, Director of the Division of Fuel Cycle Safety and Safeguards, stated that since the last management meeting in December 2005, there has been significant progress in the licensing of the proposed LES facility. Mr. Pierson also stated that we are on the schedule set out by the Commission in January 2004. He said that good cooperation and communications between NRC staff and LES staff were important reasons for the success of the project.

Mr. Brian Smith then discussed the current licensing status of the project. He stated that, since the last management meeting, the staff issued three Safety Evaluation Report supplements addressing nuclear criticality safety, LES ownership changes, and a review of the U.S. Department of Energy (DOE) cost estimate on dispositioning depleted uranium.

Mr. Smith also discussed participation in evidentiary hearings held in February and March 2006 and discussions with the International Atomic Energy Agency (IAEA) and the Quadripartite Working Group (QWG) on IAEA safeguards. Mr. Smith added that NRC staff will be conducting a quality assurance audit later in the week at the Shaw Stone & Webster offices in Cherry Hill, New Jersey.

Ms. Lisa Clark discussed the hearing status and stated that decisions on the remaining contentions in the contested hearing and on the mandatory hearing are still pending but are expected by the middle of June 2006.

Mr. Mark Lombard discussed personnel clearance applications and provided a summary sheet of NRC clearance information (Attachment 3). Mr. Lombard indicated that the expected numbers of LES clearance applications will affect his group's resource allocations and asked LES to prioritize its application submittals. He also asked that LES conduct screening prior to submittal to eliminate difficult applications. Mr. Karl Gross of LES stated that all employees will be screened for drugs, credit history, and criminal history.

Mr. Bruce Moran indicated that discussions related to IAEA safeguards have been taking place with IAEA and the QWG. He stated that the LES facility is on the United States Eligible

Enclosure

Facilities List, but IAEA has not yet selected the facility for IAEA safeguards inspections. He said that he has had discussions with LES staff on what information is needed on IAEA Design Information Questionnaires and volunteered to provide additional training to other LES staff if it is desired.

Mr. Timothy Johnson stated that a guidance document on transportation security of classified matter is near completion and this document will be sent to LES as soon as it is issued. This document will address the submittal of classified matter transportation plans that are required for shipments of classified components for the LES facility.

Mr. Jay Henson from NRC Region II indicated that LES met with Region II inspection staff on April 25 to discuss construction inspections and schedules. Region II staff and LES have also set up biweekly conference calls to ensure that inspection activities are coordinated. Mr. Henson added that Region II staff have begun communications with the State of New Mexico to develop a protocol to allow State inspectors to observe NRC inspections. The need for the protocol is a result of the hearing settlement agreement between the State of New Mexico and LES.

Mr. James Ferland then discussed the project from the LES perspective (see Attachment 4). He stated that he appreciates the effort made by the staff. He indicated that there are no open issues or action items and LES is also waiting for the pending hearing decisions. Looking ahead, Mr. Ferland discussed the communication and coordination activities with Region II in preparing to begin construction and also noted the need for NRC personnel security clearances and facility clearances. He indicated that he expects a decision from DOE related to export controlled information and noted the IAEA and QWG discussions. Mr. Ferland then discussed recent changes in the LES organization, including Mr. Karl Gross becoming the new licensing manager and Mr. John Swailes becoming the Chief Operation Officer.

Mr. Michael Lynch, the LES Project Manager discussed construction management and stated that LES is ready to begin construction in August 2006 if the license is issued in June 2006. He stated that Shaw Stone & Webster, Washington Group International, and Enrichment Technology are the principal architect-engineer and construction contractors. He indicated that coordination with Region II is underway on NRC inspections. He stated that LES is staffing its operating organization, that it formed a training review committee, and has in place its organization for providing construction oversight.

Mr. Ferland then stated that he appreciated the good communications with NRC staff and that continued work on security clearances, IAEA safeguards, and inspection coordination in needed.

Action Items

None.

Attachments

1. Attendee list
2. Meeting agenda
3. NRC clearance information
4. LES presentation handouts